

To the Members of the California State Senate:

I am returning Senate Bill 936 without my signature.

In 2004, we enacted historic reforms that replaced a workers' compensation system fraught with inefficiencies and plagued by litigation with a system centered on objective medical findings and helping injured workers return to work. As a result, rates have dropped over 60 percent, employers have saved billions of dollars, and return-to-work rates have increased.

One of the reasons the reforms have succeeded is the change made to the way we determine a worker's permanent disability. A highly subjective system that encouraged litigation has been replaced by one that uses objective American Medical Association guidelines as the basis for determining the severity of a worker's injury.

Some have expressed concerns that this change has reduced benefits too severely. To that end, my Administration has conducted an extensive review of the data from both the new and old disability rating schedules to determine what, if any, changes need to be made to the new system so that injured workers receive appropriate benefits. This bill, on the contrary, arbitrarily doubles the number of weeks a person may be eligible to receive permanent disability benefits. It substantially increase costs for all permanent disability awards regardless of severity and without relying on empirical data to validate the increase. I cannot support making such arbitrary changes to the system we worked so hard to reform.

Instead, I am directing the Administrative Director of the Division of Workers' Compensation to finalize her review of the new schedule and commence rulemaking as soon as possible to make any changes deemed necessary.

Sincerely,

Arnold Schwarzenegger